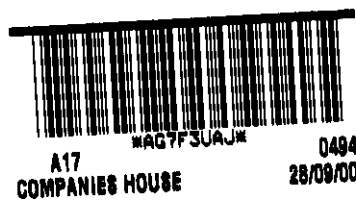


**AARDMAN HOLDINGS LIMITED**  
**ABBREVIATED ACCOUNTS**  
**31 DECEMBER 1999**



**AARDMAN HOLDINGS LIMITED**  
**ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 1999**

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**AARDMAN HOLDINGS LIMITED**

**ABBREVIATED ACCOUNTS**

**YEAR ENDED 31 DECEMBER 1999**

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<b>Board of directors</b>	D A Sproxton P D F Lord
<b>Company secretary</b>	D A Sproxton
<b>Registered office</b>	Gas Ferry Road Bristol BS1 6UN
<b>Auditors</b>	Solomon Hare Chartered Accountants Registered Auditors Oakfield House Oakfield Grove Clifton Bristol BS8 2BN
<b>Bankers</b>	Bank of Wales Plc Kingsway Cardiff CF1 4YB

**AARDMAN HOLDINGS LIMITED**

**AUDITORS' REPORT TO THE COMPANY**

**PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985**

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We have examined the abbreviated accounts on pages 5 to 19, together with the accounts of the company for the year ended 31 December 1999 prepared under Section 226 of the Companies Act 1985.

**RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS**

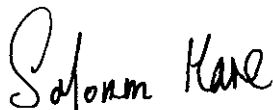
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

**BASIS OF OPINION**

We have carried out the procedures we consider necessary to confirm, by reference to the accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the accounts.

**OPINION**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act, and the abbreviated accounts on pages 5 to 19 are properly prepared in accordance with those provisions.



SOLOMON HARE  
Registered Auditors  
Chartered Accountants  
Oakfield House  
Oakfield Grove  
Clifton  
Bristol  
BS8 2BN

14 July 2000

# AARDMAN HOLDINGS LIMITED

## DIRECTORS' REPORT

### YEAR ENDED 31 DECEMBER 1999

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The directors have pleasure in presenting their report and the accounts of the company for the year ended 31 December 1999.

#### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of controlling and providing management services to all of its subsidiaries.

#### RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached accounts.

The directors have recommended the following dividends:

	1999 £	1998 £
Proposed dividends on ordinary shares	144,320	195,321
Dividends paid on ordinary shares	750,000	750,000
	<u>894,320</u>	<u>945,321</u>

#### THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Class of share	At 31 December 1999	At 1 January 1999
D A Sproxton	Ordinary Shares £0.01	5,000,000	5,000,000
"	'A' Ordinary Shares £0.01	500,000	500,000
P D F Lord	Ordinary Shares £0.01	5,000,000	5,000,000
"	'A' Ordinary Shares £0.01	<u>500,000</u>	<u>500,000</u>

#### YEAR 2000

The directors confirm that the key systems have been unaffected by the Year 2000 issue. However, given the complexity of the problem it is impossible to give a guarantee that no Year 2000 problems will arise in the coming months. The directors consider that any financial effect of future compliance will be minimal.

#### ECONOMIC AND MONETARY UNION

The directors are of the opinion that the introduction of the Euro into a commercial environment has caused no disruption to the company's ability to carry on its trade in a European market. The directors have taken steps to ensure that the company's systems are able to make a smooth transition to the new currency, should it become necessary.

# **AARDMAN HOLDINGS LIMITED**

## **DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 31 DECEMBER 1999**

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### **DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

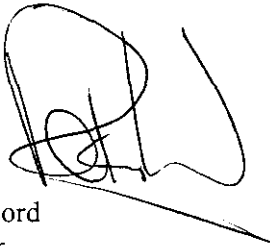
In preparing those accounts, the directors are required to select suitable accounting policies, as described on page 9 and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **AUDITORS**

The auditors, Solomon Hare, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 1 April 1992.

Signed on behalf of the directors

A handwritten signature in black ink, appearing to be 'P D F Lord', written over a horizontal line.

P D F Lord  
Director

Approved by the directors on 14 July 2000

**AARDMAN HOLDINGS LIMITED****ABBREVIATED PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 DECEMBER 1999**

	Note	1999 £	1998 £
<b>GROSS PROFIT</b>		588,357	492,650
Administrative expenses		(441,058)	(333,690)
<b>OPERATING PROFIT</b>	2	147,299	158,960
Income from shares in group undertakings	5	1,375,000	798,375
Interest receivable		90,394	95,472
Interest payable	6	(19,831)	(8,348)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,592,862	1,044,459
Tax on profit on ordinary activities	7	(13,720)	(5,032)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		1,579,142	1,039,427
Dividends	8	(894,320)	(945,321)
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		684,822	94,106

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

**The notes on pages 9 to 19 form part of these accounts.**

**AARDMAN HOLDINGS LIMITED**

**ABBREVIATED BALANCE SHEET**

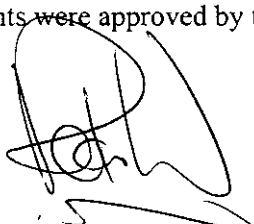
**31 DECEMBER 1999**

	Note	1999	1998
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	9	713,266	716,193
Investments	10	76,279	76,277
		<u>789,545</u>	<u>792,470</u>
<b>CURRENT ASSETS</b>			
Debtors	11	1,844,729	462,727
Cash at bank		1,492,487	1,792,612
		<u>3,337,216</u>	<u>2,255,339</u>
<b>CREDITORS: Amounts falling due within one year</b>	12	<u>(600,477)</u>	<u>(342,017)</u>
<b>NET CURRENT ASSETS</b>		<u>2,736,739</u>	<u>1,913,322</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,526,284</u>	<u>2,705,792</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	16	113,222	111,865
Share premium account	17	248,078	113,765
Profit and loss account	18	3,164,984	2,480,162
<b>EQUITY SHAREHOLDERS' FUNDS</b>	19	<u>3,526,284</u>	<u>2,705,792</u>

These accounts have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These accounts were approved by the directors on 14 July 2000 and are signed on their behalf by:

P D F Lord  
Director



The notes on pages 9 to 19 form part of these accounts.



**AARDMAN HOLDINGS LIMITED****CASH FLOW STATEMENT****YEAR ENDED 31 DECEMBER 1999**

	1999		1998	
	£	£	£	£
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		354,887		766,747
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>				
Income from group undertakings	225,000		798,375	
Interest received	76,429		93,024	
Interest paid	(4,842)		(18,723)	
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		296,587		872,676
<b>TAXATION</b>		(91,305)		(96,057)
<b>CAPITAL EXPENDITURE</b>				
Payments to acquire tangible fixed assets	(50,643)		-	
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>		(50,643)		-
<b>EQUITY DIVIDENDS PAID</b>		(945,321)		(750,000)
<b>CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>		(435,795)		793,366
<b>FINANCING</b>				
Issue of equity share capital	1,357		1,865	
Share premium on issue of equity share capital	134,313		113,765	
<b>NET CASH INFLOW FROM FINANCING</b>		135,670		115,630
<b>(DECREASE)/INCREASE IN CASH</b>		(300,125)		908,996

The notes on pages 9 to 19 form part of these accounts.

**AARDMAN HOLDINGS LIMITED****CASH FLOW STATEMENT** *(continued)***YEAR ENDED 31 DECEMBER 1999****RECONCILIATION OF OPERATING PROFIT TO  
NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1999 £	1998 £
Operating profit	147,299	158,960
Depreciation	53,570	51,038
(Increase)/Decrease in debtors	(220,476)	754,385
Increase/(Decrease) in creditors	374,494	(197,636)
Net cash inflow from operating activities	<u>354,887</u>	<u>766,747</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	1999 £	1998 £
(Decrease)/Increase in cash in the period	(300,125)	908,996
Movement in net funds in the period	<u>(300,125)</u>	<u>908,996</u>
Net funds at 1 January 1999	1,792,612	883,616
Net funds at 31 December 1999	<u>1,492,487</u>	<u>1,792,612</u>

**ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 Jan 1999 £	Cash flows £	At 31 Dec 1999 £
Net cash:			
Cash in hand and at bank	1,792,612	(300,125)	1,492,487
Net funds	<u>1,792,612</u>	<u>(300,125)</u>	<u>1,492,487</u>

The notes on pages 9 to 19 form part of these accounts.

# **AARDMAN HOLDINGS LIMITED**

## **NOTES TO THE ABBREVIATED ACCOUNTS**

**YEAR ENDED 31 DECEMBER 1999**

---

### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

The accounts have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

#### **Consolidation**

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

The accounts present information about the company as an individual undertaking and not about its group.

#### **Turnover**

The turnover shown in the profit and loss account represents amounts receivable as management charges from its subsidiaries.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property - 5% on cost

#### **Pension costs**

The company operates a defined contribution pension scheme for the directors. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

#### **Deferred taxation**

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

#### **Investments**

Investments held as fixed assets are stated at cost less any provision for impairment in value.

**AARDMAN HOLDINGS LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 31 DECEMBER 1999**

---

**2. OPERATING PROFIT**

Operating profit is stated after charging:

	1999	1998
	£	£
Depreciation	53,570	51,038
Auditors' remuneration		
- as auditors	850	850
	<u>850</u>	<u>850</u>

**3. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the company during the financial year amounted to:

	1999	1998
	No.	No.
Number of administrative staff	2	2
	<u>2</u>	<u>2</u>

The aggregate payroll costs of the above were:

	1999	1998
	£	£
Wages and salaries	177,333	121,493
Social security costs	19,664	13,458
Other pension costs	90,000	80,000
	<u>286,997</u>	<u>214,951</u>

**4. DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were:

	1999	1998
	£	£
Emoluments receivable	182,967	131,193
Value of company pension contributions to money purchase schemes	90,000	80,000
	<u>272,967</u>	<u>211,193</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	1999	1998
	No.	No.
Money purchase schemes	2	2
	<u>2</u>	<u>2</u>

**AARDMAN HOLDINGS LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 31 DECEMBER 1999****5. INCOME FROM SHARES IN GROUP UNDERTAKINGS**

	1999 £	1998 £
Dividends receivable	<u>1,375,000</u>	<u>798,375</u>

**6. INTEREST PAYABLE**

	1999 £	1998 £
Other similar charges payable	<u>19,831</u>	<u>8,348</u>

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1999 £	1998 £
In respect of the year:		
Corporation tax based on the results for the year at 20.25% (1998 - 30.07%)	15,185	-
Decrease in deferred tax provision (Note 13):		
Capital allowances	<u>(1,465)</u>	<u>(510)</u>
	<u>13,720</u>	<u>(510)</u>
Adjustment in respect of previous years:		
Corporation tax	-	5,542
	<u>13,720</u>	<u>5,032</u>

The corporation tax charge for the year has been reduced by £60,662 (1998 - £82,068) through the availability of group relief surrendered by subsidiary companies.

**8. DIVIDENDS**

The following dividends have been paid or proposed in respect of the year:

	1999 £	1998 £
Proposed dividends on "A" ordinary equity shares	144,320	195,321
Dividends paid on ordinary equity shares	<u>750,000</u>	<u>750,000</u>
	<u>894,320</u>	<u>945,321</u>

A dividend of 44.80p (1998 - 104.73p) per share was proposed at the year end on the 'A' Ordinary shares. P D F Lord and D A Sproxton, who each hold 500,000 'A' Ordinary shares had waived their rights to receive these dividends.

**AARDMAN HOLDINGS LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 31 DECEMBER 1999**

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**9. TANGIBLE FIXED ASSETS**

	Freehold property £
<b>COST</b>	
At 1 January 1999	1,020,764
Additions	50,643
At 31 December 1999	<u>1,071,407</u>
<b>DEPRECIATION</b>	
At 1 January 1999	304,571
Charge for the year	53,570
At 31 December 1999	<u>358,141</u>
<b>NET BOOK VALUE</b>	
At 31 December 1999	<u>713,266</u>
At 31 December 1998	<u>716,193</u>

**10. INVESTMENTS**

	Unlisted investments £
<b>COST</b>	
At 1 January 1999	76,277
Additions	2
At 31 December 1999	<u>76,279</u>
<b>NET BOOK VALUE</b>	
At 31 December 1999	<u>76,279</u>
At 31 December 1998	<u>76,277</u>

**AARDMAN HOLDINGS LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 31 DECEMBER 1999****10. INVESTMENTS** *(continued)*

The company's investments in the ordinary share capital of unlisted companies at the balance sheet date include the following:

Company	Country of incorporation	%age holding	Nature of business
Aardman Animations Limited	England	100	Film Producers
Wallace and Gromit Limited	England	75	Film Producers
Rex the Runt Limited	England	75	Dormant
Aardman Features Limited	England	100	Film Producers
Aardman Chicken Run Limited	England	66	Dormant
Aardman Trustees Limited	England	100	Dormant
Aardman Tortoise and the Hare Limited	England	100	Dormant

Details of capital and reserves at 31 December 1999 and the profit after tax for the year then ended for each subsidiary are as follows:

	Capital and Reserves at 31.12.99 £	Profit after tax for the year to 31.12.99 £
Aardman Animations Limited	5,066,723	743,195
Wallace and Gromit Limited	453,557	654,596
Rex the Runt Limited	100	-
Aardman Features Limited	(2,240,831)	(1,738,448)
Aardman Chicken Run Limited	150	-
Aardman Trustees Limited	2	-
Aardman Tortoise and the Hare Limited (period from 1 May 1999 to 31 December 1999)	2	-

**AARDMAN HOLDINGS LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 31 DECEMBER 1999****11. DEBTORS**

	1999	1998
	£	£
Trade debtors	-	105
Amounts owed by group undertakings	1,082,906	217,513
Other debtors	256,647	63,404
ACT recoverable	164,672	167,111
Prepayments and accrued income	340,504	14,594
	<u>1,844,729</u>	<u>462,727</u>

**12. CREDITORS: Amounts falling due within one year**

	1999	1998
	£	£
Trade creditors	7,799	2,617
Amounts owed to group undertakings	279	277
Advance Corporation Tax	-	75,000
Corporation tax	11,281	16,305
Dividends payable	144,320	195,321
Other taxes and social security	8,139	6,076
Other creditors	51	-
Directors current accounts	400,000	40,574
Accruals and deferred income	28,608	5,847
	<u>600,477</u>	<u>342,017</u>

**13. DEFERRED TAXATION**

The movement in the deferred taxation provision during the year was:

	1999	1998
	£	£
Provision brought forward	-	20,899
Decrease in provision	(1,465)	(510)
Movement on ACT recoverable	1,465	(20,389)
Provision carried forward	<u>-</u>	<u>-</u>



# AARDMAN HOLDINGS LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

### YEAR ENDED 31 DECEMBER 1999

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#### 13. DEFERRED TAXATION *(continued)*

The elements of deferred taxation, which result in a nil balance at the end of the year are as follows:

	1999 £	1998 £
Excess of taxation allowances over depreciation on fixed assets	18,924	20,389
Less: Advance Corporation Tax	(18,924)	(20,389)
	<u>-</u>	<u>-</u>

#### 14. CONTINGENCIES

The company has secured the bank borrowings of Aardman Animations Limited through a legal charge over its freehold property and by a guarantee limited to £525,000 secured on the remaining assets of the company. At the year end Aardman Animations Limited had bank borrowings of £399,786 (1998 - £361,715).

**AARDMAN HOLDINGS LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 31 DECEMBER 1999****15. RELATED PARTY TRANSACTIONS**

The following information is provided in accordance with Financial Reporting Standard No. 8, Related Party Transactions:-

**Year ended 31 December 1999**

<b>Name of Related Party</b>	<b>Relationship</b>	<b>Type of Transaction</b>	<b>Value of Transaction £</b>	<b>Debtor/(Creditor) at 31.12.99 £</b>
Aardman Animations Ltd	Subsidiary	Management charges	526,377	(129,074)
		Dividend receivable	700,000	700,000
Wallace and Gromit Ltd	Subsidiary	Dividend receivable	675,000	450,000
		Management charges	61,980	61,980
Rex the Runt Ltd	Subsidiary	-	-	(75)
Aardman Features Ltd	Subsidiary	-	-	(100)
Aardman Chicken Run Ltd	Subsidiary	-	-	(100)
D A Sproxton	Director	Loan interest	10,463	(9,367)
		Loan movements	159,426	(200,000)
P D F Lord	Director	Loan interest	9,368	(9,367)
		Loan movements	200,000	(200,000)
Aardman Trustees Ltd	Subsidiary	Purchase of shares	-	(2)
Aardman Tortoise and the Hare Ltd	Subsidiary	Purchase of shares	2	(2)

**AARDMAN HOLDINGS LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 31 DECEMBER 1999****15. RELATED PARTY TRANSACTIONS** *(continued)***Year ended 31 December 1998**

<b>Name of Related Party</b>	<b>Relationship</b>	<b>Type of Transaction</b>	<b>Value of Transaction £</b>	<b>Debtor/(Creditor) at 31.12.98 £</b>
Aardman Animations Ltd	Subsidiary	Management charges	430,497	155,360
Wallace and Gromit Ltd	Subsidiary	Dividend receivable	798,375	-
		Management charges	62,153	62,153
Rex the Runt Ltd	Subsidiary	-	-	(75)
Aardman Features Ltd	Subsidiary	-	-	(100)
Aardman Chicken Run Ltd	Subsidiary	-	-	(100)
D A Sproxton	Director	Loan interest	4,646	(3,745)
		Loan movements	-	(40,574)
P D F Lord	Director	Loan interest	3,702	-
Aardman Trustees Ltd	Subsidiary	Purchase of shares	2	(2)

In addition to the above, the company paid pension contributions of £90,000 (1998 -£80,000) to the Aardman Holdings Limited Executive Pension Scheme. D A Sproxton and P D F Lord are both Trustees and Beneficiaries of the scheme.

The company is controlled by D A Sproxton and P D F Lord who are directors of the company.

**16. SHARE CAPITAL**

## Authorised share capital:

	<b>1999 £</b>	<b>1998 £</b>
10,000,000 Ordinary shares of £0.01 each	100,000	100,000
1,500,000 'A' Ordinary shares of £0.01 each	15,000	15,000
	<u>115,000</u>	<u>115,000</u>

**AARDMAN HOLDINGS LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 31 DECEMBER 1999****16. SHARE CAPITAL** *(continued)*

Allotted, called up and fully paid:

	1999		1998	
	No.	£	No.	£
Ordinary shares of £0.01 each	10,000,000	100,000	10,000,000	100,000
'A' Ordinary shares of £0.01 each	1,322,170	13,222	1,186,500	11,865
	<u>11,322,170</u>	<u>113,222</u>	<u>11,186,500</u>	<u>111,865</u>

The rights of each class of ordinary share rank pari passu in all respects with the exception that the 'A' ordinary shares will be subject to pre-emption rights upon the termination of the employment of the 'A' ordinary shareholders.

During the year 135,670 (1998 - 186,500) 'A' Ordinary shares of £0.01 each were issued at a premium of £0.99 (1998 - £0.61) per share.

**17. SHARE PREMIUM ACCOUNT**

	1999	1998
	£	£
Balance brought forward	113,765	-
Premium on shares issued in the year	134,313	113,765
	<u>248,078</u>	<u>113,765</u>

**18. PROFIT AND LOSS ACCOUNT**

	1999	1998
	£	£
Balance brought forward	2,480,162	2,495,056
Retained profit for the financial year	684,822	94,106
Capitalisation of reserves	-	(109,000)
Balance carried forward	<u>3,164,984</u>	<u>2,480,162</u>

**AARDMAN HOLDINGS LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 31 DECEMBER 1999****19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1999		1998	
	£	£	£	£
Profit for the financial year		1,579,142		1,039,427
Dividends		(894,320)		(945,321)
		<u>684,822</u>		<u>94,106</u>
New equity share capital subscribed	1,357		110,865	
Premium on new share capital subscribed	134,313		113,765	
Less capitalised from reserves	-		(109,000)	
		<u>135,670</u>		<u>115,630</u>
Net addition to funds		820,492		209,736
Opening shareholders' equity funds		2,705,792		2,496,056
Closing shareholders' equity funds		<u>3,526,284</u>		<u>2,705,792</u>

**20. POST BALANCE SHEET EVENTS**

Following the year end the company acquired freehold land and buildings adjacent to the existing premises at Gas Ferry Road for £3,631,250 including value added tax. Deposits of £315,000 were paid during the year and are included within prepayments at 31 December 1999.

**21. APPROVED PROFIT SHARING SCHEME**

On 18 December 1998 the company established the 1998 Aardman Holdings Limited Approved Profit Sharing Scheme ('the scheme') through the creation of a Trust Deed on that date. The purpose of the scheme is to enable directors and employees of companies within the group to hold shares and participate in the profits of the company. The contributions to the scheme are incurred by the employer company of the participating employees. On 30 December 1999, the Trust acquired 135,670 (1998 - 186,500) 'A' Ordinary shares of £0.01 each at market value of £1 (1998 - £0.62) per share. The beneficial interest in these shares was vested in employees of the group companies on acquisition by the trust. At 31 December 1999, the company proposed a dividend on its 'A' Ordinary shares of 44.80p (1998 - 104.73p) per share.